

**Public Hearing to Consider Adoption of
Proposed Amendments to
REGULATION 2, RULE 5
NEW SOURCE REVIEW OF
TOXIC AIR CONTAMINANTS**

**Board of Directors Meeting
December 7, 2016**

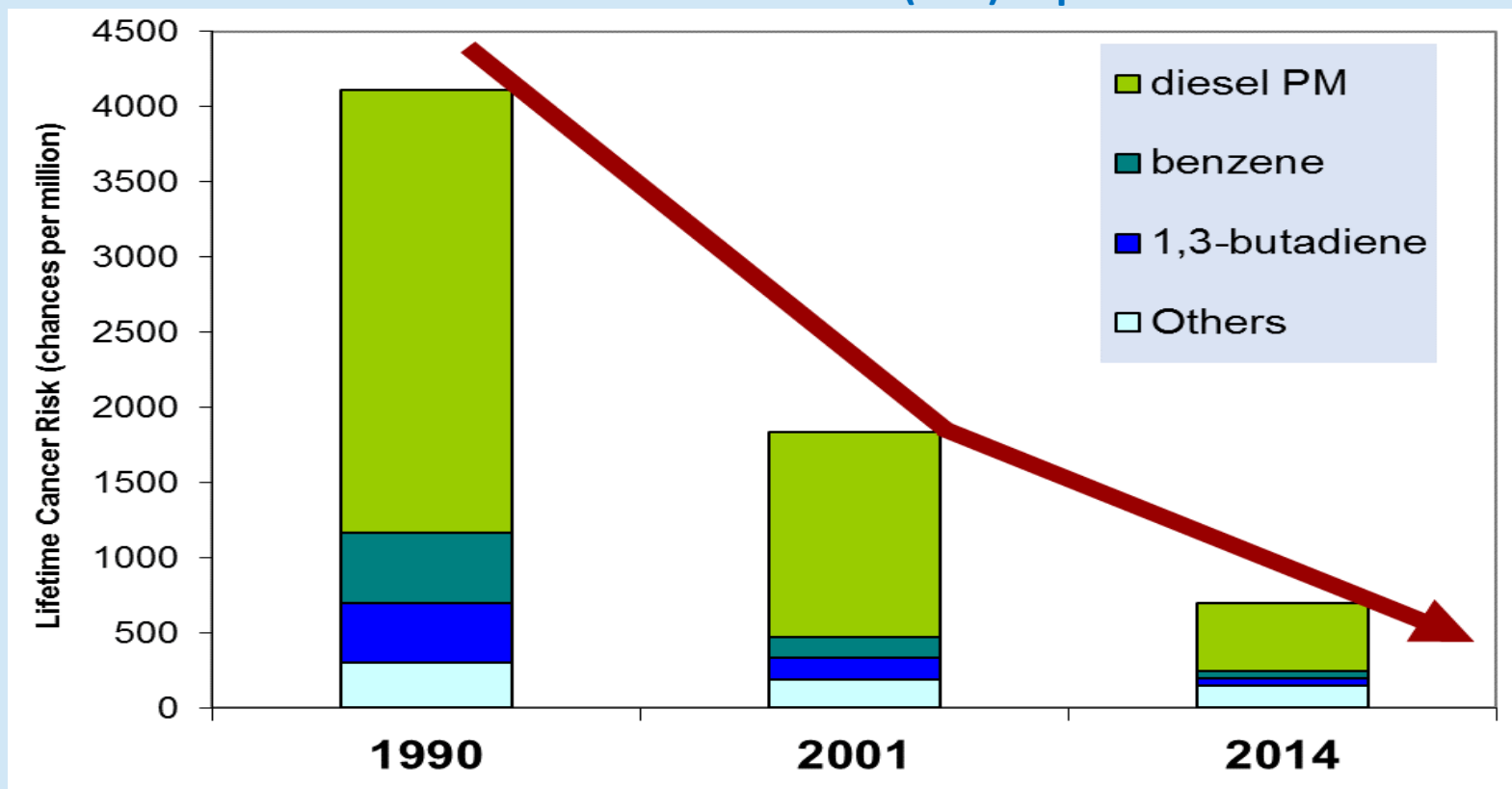
**Sanjeev Kamboj
Manager, Engineering Division**

OUTLINE

- **Background**
- **Proposed Rule 2-5 Revisions**
- **Impacts of Proposed Rule 2-5 Revisions**
- **CEQA and Socioeconomic Analysis**
- **Public Outreach**
- **Recommendations**

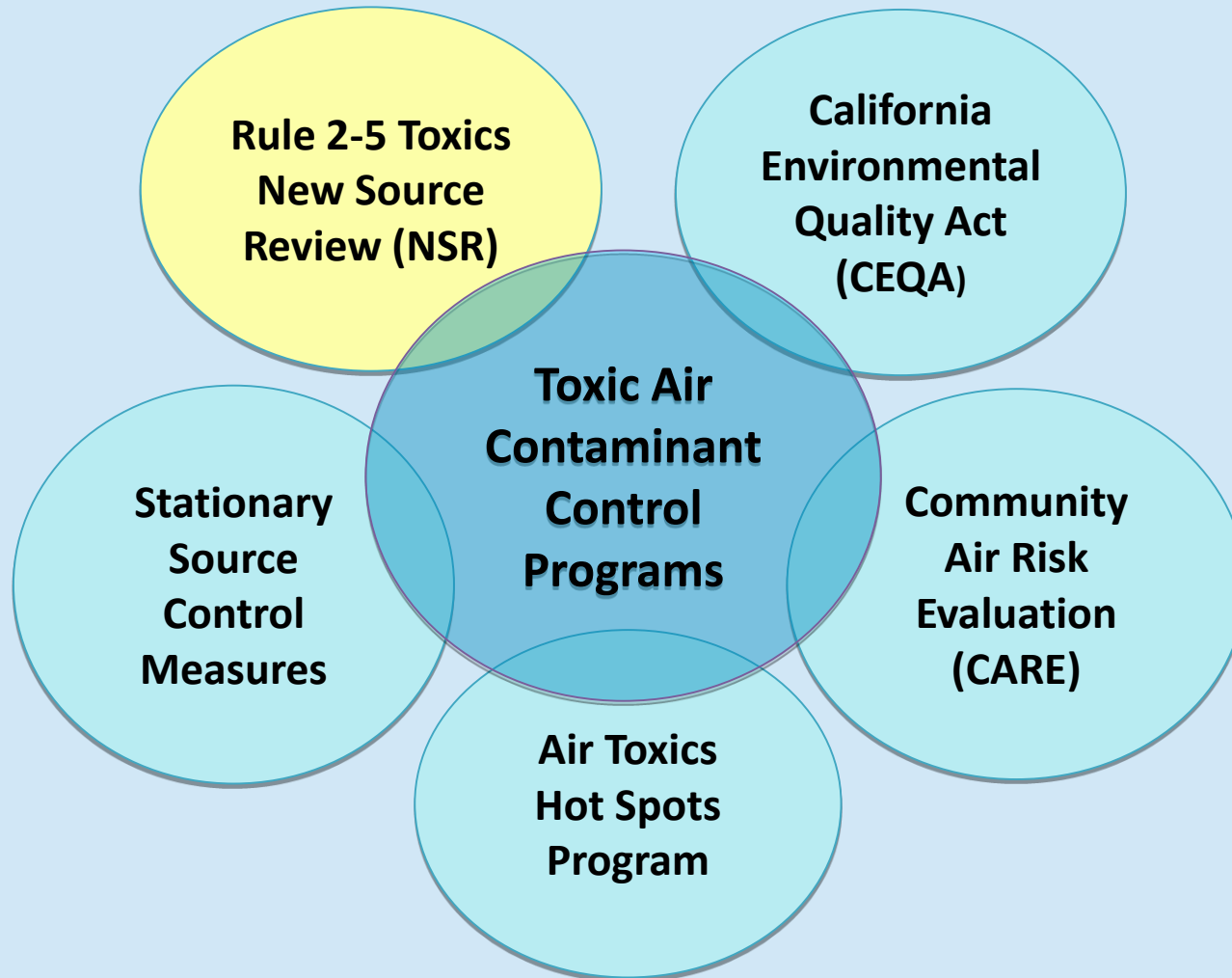
EFFECTIVENESS OF CONTROL PROGRAMS

Bay Area Lifetime Residential Cancer Risk* from Toxic Air Contaminant (TAC) Exposure



* Cancer risk is based on average ambient air monitoring data and the population wide risk assessment methodology presented in OEHHA's 2015 HRA Guidelines.

STATIONARY SOURCE PROGRAMS



REGULATION 2, RULE 5 NEW SOURCE REVIEW FOR TACS

- **Implements Air District's Health Risk Assessment (HRA) Procedures and Risk Management (RM) Policies through the Permitting Program**
 - 1987: Initiated Toxic New Source Review (NSR) Program
 - 2005: Codified as Regulation 2, Rule 5
 - 2010: Included Age Sensitivity Factors
- **Follows Statewide HRA and RM Guidance**
 - 1999: SB25 – Children's Environmental Health Protection Act
 - 2015: Office of Environmental Health Assessment (OEHHA), California Air Resources Board (CARB) & CAPCOA Updated HRA and RM Guidelines

SUMMARY OF REGULATION 2, RULE 5

- **Health Risk Assessment (HRA) Requirements**
 - Requires HRA if TAC Emissions for a project to install new or modify existing equipment exceed a TAC Trigger Level

SUMMARY OF REGULATION 2, RULE 5

Source Risk Thresholds

Requires **Best Available Control Technology for Toxics (TBACT)** if a source of air pollution exceeds risk thresholds:

- Cancer Risk > 1.0 in a million
- Chronic Hazard Index > 0.2

Project Risk Thresholds

Limits Total Project Health Risks

- Cancer Risk ≤ 10.0 in a million
- Hazard Index ≤ 1.0

PROPOSED RULE 2-5 CHANGES

- **Conformance with State Guidance Updates**
 - Update the Air District's HRA Guidelines to Incorporate the State's Guideline Changes
 - Update Health Effects Values and TAC Trigger Levels
 - Update Regulation Language to Conform with State Guidelines

PROPOSED RULE 2-5 CHANGES

- **Rule Improvements**

- Revise Emission Calculation Procedures for Modified Sources
- Add Net Project Risk Limits for Pre-1987 Modified Sources
- Revise Project Definition – Extend Related Projects to 3 years
- Clarify Procedures for Source Alterations

IMPACTS OF RULE 2-5 REVISIONS

- **Increase the Stringency of this Rule**
 - For most projects, cancer risk will increase by about 40% compared to current procedures
 - For projects involving multi-pathway TACs, cancer risk may increase by 2-5 times
 - Less toxic emission increases will be allowed for new projects than allowed by current rule
 - All emissions from pre-1987 modified sources will now be included in HRAs

IMPACTS OF RULE 2-5 REVISIONS

- **Increase the Number of Projects Triggering HRAs**
 - About 100 more NSR HRAs per year
- **Increase the Number of Projects Required to Implement Risk Reduction Measures**
 - About 60 more projects per year

CEQA ANALYSIS

- **Report by Environmental Audit, Inc.**
- **Finding of No Adverse Environmental Impact**
- **Recommend Negative Declaration**

SOCIOECONOMIC ANALYSIS

- **Report by BAE Urban Economics**
- **On Average – No Significant Impacts**
 - In most cases where a project exceeds the thresholds, limits to operating hours or emission point heights can be implemented
- **Potentially Significant Impacts (10-17% of profits) for Individual Projects based on Worst-case Assumptions at:**
 - Small Hotels/Motels (110 facilities)
 - Small Electric Power Generation Plants (20 facilities)
 - Metal Coating and Engraving Shops (5 facilities)

PUBLIC OUTREACH

- **Open Houses:**
 - January 28, 2016 Redwood City
 - February 2, 2016 San Jose
 - February 4, 2016 Richmond
- **Public Comments Accepted:**
 - January 13, 2016 through March 9, 2016
 - October 26, 2016 through November 28, 2016
- **Written Comments Received From:**
 - Western States Petroleum Association (WSPA)
 - CA Council for Environmental and Economic Balance (CCEEB)
 - Phillips 66 Company
 - Valero Refining Company

COMMENTS AND RESPONSES FROM OPEN HOUSES

KEY ISSUES	RESOLUTIONS
Location of TAC trigger level table	Retain in rule
Elimination of 1987 baseline for modified sources	Add alternative net project risk limits for pre-1987 modified source projects
Impacts on gas stations	Delay implementation of HRA Guidelines for gas stations
Impacts on diesel engines smaller than 50 bhp	Add an HRA exemption for engines smaller than 50 bhp

COMMENTS AND RESPONSES ON PUBLIC HEARING DOCUMENTS

KEY ISSUES	RESPONSES
Interaction with proposed rule 11-18	<ul style="list-style-type: none"> • Rule 2-5: New and modified sources (pre-construction); TBACT • Rule 11-18: Existing sources (facility-wide); TBARCT • Both rules follow state guidelines
Re-assess risk action levels as other Districts have done	Some Districts are using different health risk calculation procedures that are causing them to adjust their risk action levels
Insufficient analysis for refinery projects	District evaluated all HRAs conducted during 2010-2015. Approx. 96% of refinery HRAs conducted during this period show cancer risk less than 2 in a million. Our analysis shows that refinery projects will continue to comply with the current risk limits using 2015 OEHHA HRA Guidelines.

RECOMMENDATIONS

- **Approve CEQA Initial Study/Negative Declaration**
- **Adopt proposed amendments to Regulation 2, Rule 5: New Source Review of Toxic Air Contaminants**

Winter PM_{2.5} Seasons

Year	Days > 35 $\mu\text{g}/\text{m}^3$	Winter Spare the Air Alerts
2013/2014	15	30
2014/2015	6	23
2015/2016	0	1
2016/2017	0	0

- Spare the Air Alert Called for:
- Days > 35 $\mu\text{g}/\text{m}^3$ 24-hr NAAQS:



Schedule: Rules 11-18 and 12-16

Milestones / Deliverables	Date
Draft Project Description Issued	Complete
Draft Regulations, Final NOP Published and Draft Staff Report released for comment.	Complete
Workshops/EIR Scoping Meetings held	Complete
CEQA NOP / Initial Study Comment Deadline	December 2, 2016
NOP Comments Received and Initial Tasks completed	December 2016
Board Hearing / CEQA EIR Review Process Final Regulatory Language and Staff Report, Socioeconomic Analyses, CEQA Draft EIR released Comment deadline Public meetings held Prepare response to comments Board of Directors Meeting to Consider Adoption	March 3, 2017 April 17, 2017 April 19, 2017 May 1, 2017 May 17, 2017